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Message Text

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44
ACTION EB-11

INFO OCT-01 AF-10 ISO-00 DRC-01 CIAE-00 INR-10 NSAE-00

RSC-01 /034 W
---------- 096649
P R 110858Z DEC 73
FM AMEMBASSY DAR ES SALAAM
TO USDOC WASHDC PRIORITY
INFO SECSTATE WASHDC 4416
AMEMBASSY LUSAKA
AMEMBASSY NAIROBI

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FOR OIM/SAD

E.O. 11652: N/A
TAGS: BEXP, ETRD, TZ, ZA
SUBJECT: TEXTILE MACHINERY TRADE MISSION

REF: A) DAR ES SALAAM 3866 B) USDOC 19048 C) LUSAKA 2133 D) STATE 239800

1. SUMMARY. TANGOV CONTINUES TO BE INTERESTED IN VISIT OF TEXTILE MACHINERY TRADE MISSION AS SOON AFTER COMPLETION OF TANZANIAN TEXTILE EXPANSION STUDY AS POSSIBLE. STUDY EXPECTED TO BE COMPLETED IN LATE MARCH 1974. IF TRADE MISSION FOR TANZANIA (WHICH COULD INCLUDE INVESTIGATION OF ZAMBIAN MARKETS) CANNOT BE ARRANGED, EMBASSY PROPOSES EXTENDING ITINERARY OF ONE TRADE MISSIONS SCHEDULED FOR SPRING 1974 TO TANZANIA OR ORGANIZING IOGA TRADE MISSION. END SUMMARY.

2. PERHAPS REF A DID NOT MAKE SUFFICIENTLY CLEAR THAT TANZANIAN COMMITMENT TO QUADRUPLE CAPACITY OF ITS TEXTILE INDUSTRY OFFERS US TEXTILE MACHINERY MANUFACTURES MARKET OF UNUSUAL OPPORTUNITY PROVIDED US COMPANIES (A) SHOW THEIR WARES AT TIME CUSTOMER WISHES TO SEE THEM AND (B) CAN PUT TOGETHER EQUIPMENT (INCLUDING TURNKEY PROPOSALS) AND FINANCING PACKAGES. IN REF A WE NOTED TANZANIA
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WOULD LIKE VISIT OF US TRADE MISSION "IF SCHEDULED FOR EARLY

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SPRING" (NOT "LATE SPRING" AS NOTED IN PARA 3 OF REF B). TEXTILE INDUSTRY EXPANSION STUDY IS SCHEDULED FOR COMPLETION LATE MARCH/ EARLY APRIL. STUDY WILL MAKE RECOMMENDATIONS WHICH TANGOV EXPECTS TO IMPLEMENT AS QUICKLY AS POSSIBLE. SUPPLIERS WHO ARE FIRST TO DEMONSTRATE THEY HAVE MOST SUITABLE MACHINERY FOR EXPANSION PROGRAM WILL, WE JUDGE, GET THE BUSINESS. WE ARE HOPEFUL MAJORITY OF SUPPLIERS WOULD BE AMERICAN.

3. CONSEQUENTLY, IF TANZANIANS WANT US TRADE MISSION TO COME IN "EARLY SPRING" THEN IT BEHOOVES US TO FIELD A TRADE MISSION WHEN THEY WISH TO SEE IT. ANY US TRADE MISSION ARRIVING 5-8 MONTHS LATER (AS PROPOSED IN REF B) LIKELY TO FIND FOREIGN COMPETITORS HAVE SWEPT MARKET CLEAN. TO ILLUSTRATE, WE EXPLAINED TO SENIOR MINISTRY OF FINANCE ADVISOR THAT OIM WOULD NOT BE READY TO FIELD TM UNTIL SEPT.-NOV. HE RESPONDED THAT HE IS RECOMMENDING US SOURCING ON BASIS HIS BELIEF US PRODUCTS "OFFER BEST QUALITY AT BEST PRICES" BUT, WHEN CONSIDERING OIM'S PROPOSAL, FINDS IT "FRUSTRATING" TO RECOMMEND TANGOV GO TO US SUPPLIERS WHEN "APPARENTLY" US UNWILLING TO EXTEND ITSELF TO MAKE SALES. FOREGOING CAUSED HIM TO WONDER IF US REALLY BELIEVES THERE IS MARKET TO TAP AND SPECULATED THAT MARKET WITH PERHAPS &90 MILLION POTENTIAL NOT LARGE ENOUGH TO INTEREST US COMPANIES.

4. BELIEVE OIM SHOULD UNDERSTAND FOLLOWING BACKGROUND TO EXPANSION OF TANZANIAN TEXTILE INDUSTRY. POLITICALLY TANGOV COMMITTED TO PROVIDE IMPROVED STANDARD OF LIVING TO BROAD MASS OF LOWEST INCOME GROUP (MOSTLY FARMERS) AND TEXTILES ARE A MAJOR MASS-CONSUMABLE IN SHORT SUPPLY. AVAILABILITY OF TEXTILES ALSO IMPORTANT INCENTIVE TO FARMERS TO GROW MORE FOOD AND EXPORT CROPS. PRESENTLY TANZANIA IS IMPORTER OF TEXTILES (WHILE EXPORTING COTTON) AND EXPANSION OF TEXTILES INDUSTRY MEANS, ULTIMATELY, SAVING OF FOREIGN EXCHANGE AND, AS NOTED IN REF A, OPPORTUNITY TO EARN FOREIGN EXCHANGE FROM EXPORTS TO NEARBY COUNTRIES. (KENYA IS MAJOR MARKET, FOR EXAMPLE, OF TANZANIAN TEXTILES AND IT TAKES ALL IT CAN BUY OR SMUGGLE.) TANZANIANS BELIEVE THE LONGER THEY DELAY WITH TEXTILE INDUSTRY EXPANSION PROGRAM, GREATER DRAIN ON FOREIGN EXCHANGE RESERVES AND HIGHER POSSIBILITY OF LOSING KENYAN MARKET. WHILE WE ARE NOT SANGUINE TANZANIANS WILL MOVE FORWARD AS FAST AS THEY SAY, WE DO BELIEVE THAT FIRST SUPPLIERS TO MAKE MAJOR PLAY FOR MARKET BEGINNING OF SPRING WILL ACHIEVE BEST RESULTS FOR THEIR LIMITED OFFICIAL USE

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EFFORTS. SO FAR AS WE CAN DETERMINE, WE HAVE CLEAR FIELD FOR GETTING IN HERE FIRST.

5. THEREFORE WE RECOMMEND THAT OIM AT LEAST DISCUSS THIS MAJOR OPPORTUNITY WITH TEXTILE MACHINERY INDUSTRY TO SEE BEST WAY ENTER MARKET AND MEET TANZANIAN TIME FRAME. IF OIM FINDS IT DIFFICULT TO APPROACH INDUSTRY FOR THIRD TRADE MISSION 4Q FY 1974, PERHAPS WORKING THROUGH AMATEX (TO FORM IOGA TRADE MISSION) IS ONE

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POSSIBILITY OR EXTENDING ITINERARY OF ONE OF TWO TRADE MISSIONS, SCHEDULED FOR SPRING 1974, TO INCLUDE TANZANIA. US COMPANIES CAN BE TOLD TRIP TO TANZANIA HOLDS IMMEDIATE PROSPECT OF SALES, WITH OPPORTUNITY TO PENETRATE ZAMBIAN MARKET AS WELL (SEE REF C).

6. RATHER THAN VISIT OF OIM/SAD REPRESENTATIVE, WE PROPOSE EMBASSY ASKING TANGOV TO FURNISH COPIES OF PAKISTANI REPORT AS SOON AS AVAILABLE. WE ASSUME COPIES CAN BE PROVIDED TO COMPANIES MOST INTERESTED IN PARTICIPATING IN JOINING TRADE MISSION IN TIME TO PERMIT THEIR ENGINEERING DEPARTMENTS TO EXAMINE RECOMMENDATIONS AND TO TAILOR THEIR PROPOSALS TO TANGOV. WHEN RECIEVING REPORT EMBASSY SHOULD BE IN POSITION TO PROMISE THAT TEXTILE MACHINERY REPRESENTATIVES FROM US WILL VISIT TANZANIA WITHIN 2-3 WEEKS AND THEY WILL BE PREPARED TO WRITE ORDERS.
CARTER

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